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The JEWEL COMPANIES

Diversified Retailers

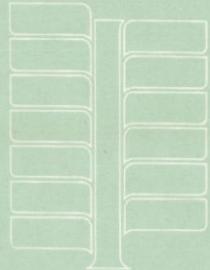
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SEVENTIETH YEAR

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Growth, together with record sales and earnings in 1968, closely approximates the growth forecast in our continuing 3-year financial plan, mentioned in last year's report.

With growth comes responsibility, but not just for the perpetuation of the business or the people associated with it. Such responsibility extends to the social and economic environment in which our business lives and thrives.

We need no riots or insurrections to be reminded of the problems of urban society. Though it is relatively easy to remodel or refresh a single retail store, the rebuilding of urban centers and development of human resources are agonizingly difficult and expensive. Jewel's resources are committed to help in the hard work of solving our urban problems.

A special report with respect to these efforts is included in this Annual Report beginning on Page 9.

Results In Brief / JEWEL COMPANIES, INC.

Fiscal Year

	1968 % to Total	1968	1967	% Increase 1968 Over 1967
(Total dollars in thousands except per share figures)				
Sales:				
Supermarkets.....	76.3%	\$1,016,655	\$ 946,642	7.4%
Drug Stores.....	10.2	135,745	121,839	11.4
Home Service Routes.....	6.3	83,503	88,425	(5.6)
Self-Service Department Stores.....	4.4	58,991	52,530	12.3
Restaurants.....	1.2	15,600	14,109	10.6
Wholesale and Other.....	1.6	22,225	20,872	6.5
Total sales.....	100.0%	1,332,719	1,244,417	7.1
Earnings Before Federal Income Taxes.....		37,876	31,339	20.9
Net Earnings for the Year.....		20,021	17,591	13.8
Per cent to total sales.....		1.5%	1.4%	
Earned Per Share of Common Stock.....		\$3.01	\$2.64	14.0
Cash Dividends Per Share of Common Stock.....		1.35	1.25	8.0
New Property, Plant and Equipment (net):				
Operating companies.....		\$ 24,185	\$ 25,673	
Real estate affiliates.....		11,743	5,050	
As of Feb. 1, 1969				
Net Working Capital (In thousands).....		\$ 63,895	\$ 62,366	
Ratio of Current Assets to Current Liabilities.....		1.7 to 1	1.8 to 1	
Operating Units:				
Supermarkets.....		368	370	
Drug Stores.....		151	133	
Self-Service Department Stores.....		10	9	
Restaurants.....		82	76	
Home Service Routes.....		1,902	2,017	
Convenience Stores.....		23	19	
Stockholders.....		14,093	14,015	
Common Shares Outstanding (Average).....		6,604,948	6,608,279	

Management's Report

RECORD SALES and EARNINGS AGAIN IN 1968

Sales for the 52 weeks ended February 1, 1969 totaled \$1,332,719,383, an increase of \$88,302,506 or 7.1% over the prior 53-week year. Average weekly sales increased 9.2% to \$25,629,000 in 1968 from \$23,480,000 in 1967. 1968 was the 25th consecutive year of sales increase reported by Jewel Companies, Inc.

Net earnings of the Company were \$20,021,000 compared with \$17,591,000 in 1967, a gain of 13.8%. Earnings per share were \$3.01 or 37¢ higher than in 1967, and 1968 is the fifth consecutive year of per-share earnings improvement. The 10% surcharge provided in 1968 amounted to \$1,879,000, equal to 28¢ per share.

Net earnings of the Company in the *12-week* fourth quarter of 1968 were \$7,264,000, an improvement of \$1,172,000 or 19.2% over the *13-week* fourth quarter of 1967.

The common stock dividend of your Company, payable September 30, 1968, was increased from the previous quarterly rate of 32½¢ to 35¢ per share and is now at the annual rate of \$1.40 per share. The increase in cash dividends per share was the sixth such increase to have been declared in the past ten years and represented an aggregate increase in cash dividends per share of 109% over the rate per share paid ten years ago, adjusted for intervening stock splits.

Improved sales were achieved by nine of our ten companies. Sales of the Home Shopping Service routes were under a year ago because of a reduction in operating units. The largest dollar gains were recorded by the Jewel Food Stores and the largest

percentage gains were recorded by Star supermarkets, Osco drug stores and Turn-Style self-service department stores.

Identical store sales again improved in 1968 as shown below:

<i>Identical Store Sales*</i>	
	<i>% Increase (Weekly Basis)</i>
Supermarkets.....	4.6%
Drug Stores.....	7.2
Turn-Style Self-Service Dept. Stores.....	9.6

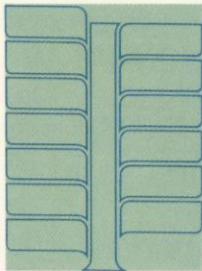
*Stores physically unchanged from the previous year.

Improved operating earnings (earnings before interest, corporate expenses, and provision for retirement trusts and income taxes) were shared by nearly all of the Jewel companies. Operating earnings of our supermarket companies as a group and our general merchandise companies as a group, both improved more than 16% over last year.

A 60% improvement in operating earnings was achieved by the Home Shopping Service routes while reducing its aggregate investment nearly \$5,000,000 during 1968. Our White Hen Pantry convenience stores produced its first profit in 1968.

Included in our 1968 earnings was the first annual dividend equal to 3¢ per Jewel share from our Belgian affiliate, Supermarches G.B., subsequently merged with Grand Bazar of Antwerp to form G.B. Entreprises. This dividend is expected to be increased in the future as this Belgian affiliate continues to prosper.

We are pleased to report that the combined sales of all Jewel's foreign affiliates are estimated to have exceeded \$178,000,000 in 1968, up 28.1% from the level of the prior year. Our Belgian affiliates, G.B.



Entreprises and Super Bazars, reported increased earnings in 1968. Our newer Italian affiliate and our Spanish affiliate, which opened its first store in 1968, operated at a loss. Total 1968 earnings of our affiliated foreign companies, not consolidated in this report, improved approximately 30% over the previous year.

Assuming no delays in construction and site procurement, we plan to open the following new retail units in 1969:

	<i>Actual Openings</i>	
	<i>1969</i>	<i>1968</i>
Supermarkets.....	27	23
Drug Stores.....	22	18
Turn-Style Self-Service Department Stores.....	4	1
Brigham's Shops.....	13	11
Convenience Food Stores.....	35	4

Other major building programs scheduled for 1969 include the development of ice cream plants at Melrose Park, Illinois and Arlington, Massachusetts, new produce storage and distribution facilities at Star's warehouse complex in Norwood, Massachusetts, and new bakery facilities at Eisner's distribution complex in Champaign, Illinois.

In August, 1968 the Food Marketers Division of Jewel was sold for cash. This sale permits the Company to more fully concentrate its warehousing facilities and investment on expansion of its diversified retail operations. 1968 net earnings of the Company include a gain of 4¢ per common share from this transaction.

We anticipate capital investment of about \$35 million per year through 1971, which represents a

one-year extension of the \$100 million expansion program announced last year. Actual spending in 1968 was \$30 million, slightly below budget principally because of construction delays. With the consummation of a \$30 million insurance company loan agreement we received \$10 million in the Fall of 1968. An additional \$10 million will be drawn down in 1969 and again in 1970. No additional permanent financing is presently contemplated.

Assuming the continuation of a high level of economic activity, particularly in employment and personal income, we anticipate that sales and earnings in 1969 will reach higher levels even with continuation of the surtax for the full year. Our optimism is based on the fact that Jewel people throughout the business continue to demonstrate their ability to serve their customers more effectively each year. The morale of the organization is high, which suggests that much will be accomplished by each of the Jewel companies in the coming year.

G. L. Clements
G. L. CLEMENTS
Chairman of the Board

D. S. Perkins

D. S. PERKINS
President

F. J. Lunding

F. J. LUNDING
Chairman, Finance Committee

Highlights: JEWEL COMPANIES

The individual Jewel companies are currently 10 in number. Each has its own individual character as well as distinct profit and investment responsibility. Opportunities lie in different directions for each of these autonomously operated Jewel companies within the broad field of retailing. Each company is strongly encouraged to chart its own path to find new avenues for growth and profit. This is the essence of a management style which spreads authority and responsibility to the maximum extent possible consistent with our overall objectives of serving ever-changing family needs and desires with as wide a range of consumer merchandise and services as we can develop the capacity to provide.

SUPERMARKETS



1968 was a year of combined progress brought about through the appeal of "Miracle Prices," the further development of master markets and the successful introduction of new manufacturing facilities.

We have now completed our second full year of "Miracle Prices," a long term strategy of low prices concentrated in the highly competitive dry grocery area. The "Miracle Prices" line has been broadened in the last year and we have continued to absorb many manufacturers' cost increases in our effort to make this program even more meaningful to our customers.

Major additions were made to the facilities of Jewel Food Stores in 1968 with the opening of 18 new large master markets. Our Chicago operations now include 138 master markets, 75 of which are in combination with or adjacent to Chicago Osco Drug Stores. A master market is a store conceived and equipped to accommodate all of our shops and merchandise departments, including sausage and bakery shops, chef kitchens, full line frozen foods, as well as a half-

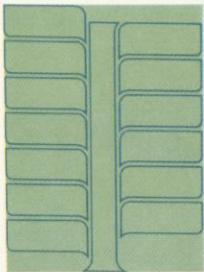
dozen other specialty departments. The growth and profitability of Jewel Food Stores is largely dependent on these stores and future units like them. Our 1969 store opening program includes 19 master markets.

The fluid milk and sausage plants mentioned in last year's report, are operating profitably and the product of each facility is being well received by our customers, both through the dairy departments and sausage shops which are important features of our stores. These encouraging results lend further support to the selective expansion of Jewel's manufacturing activities.

Another manufacturing activity, the salad kitchen which serves the 116 individual chef kitchen operations in Jewel Food Stores, enjoyed important growth in 1968. The chef kitchen units handle a wide variety of convenience foods including prepared salads, meat loaf, fancy breads and rolls, barbecued chickens and ribs, and a complete line of meals, snack and hors d'oeuvre trays and food service to fit almost any customer requirement. With the market for convenience food services growing rapidly and in directions that seem quite exciting, the management responsibility for our chef kitchens has been restructured to begin at the manufacturing level, include distribution, advertising, promotion and culminate at the point of sale in the stores.



1968 marked the first full year of "Miracle Prices" at Star Market Co. in the Boston market. As has been the case with Jewel in Chicago, this strong program of grocery pricing has contributed measurably to strengthening Star's position in the New England food market in terms of both sales and profits. The positive impact of Star's merchandising program is illustrated by the fact that 1968 Star operating profits were at an all-time high while accomplishing a



transfer to a much needed new warehouse in Norwood, Massachusetts, introducing "Miracle Prices" to 10 units in Rhode Island and meeting new price competition in Boston.

Of the greatest long run importance to Star's growth in food retailing in New England is the growth in sales and profit in new stores opened in 1968 and 1967. Having lagged in sales and profit development under the former Star merchandising format, which included heavy emphasis on stamps, these new stores are growing in an exciting fashion with the "Miracle Prices" program. One of the stores opened by Star in 1968 is in the Prudential Center in Boston. This store, with only 8,100 square feet of space, is already handling twice the amount of business anticipated for it in its first year, as it serves a unique urban area surrounded by high rise apartments.



Buttrey Food Stores in Montana and Idaho continue to report improved results. Somewhat disappointing, however, has been our inability to open any new stores in 1968 largely because of construction delays and necessary revisions in plans made earlier. This deficiency will be overcome in 1969 with a total of five stores to be opened, four of which will be in conjunction with Osco Drug Stores.

Of the five new stores to be opened, two are scheduled for Boise, Idaho and one for Billings, Montana. The fourth, in Pocatello, Idaho, is an unusually large store combining Osco drug and Buttrey food operations in adjacent units with a common lobby. Our fifth store will be a "warehouse" store which presents case lot dry grocery products at very low prices.

Central beef processing operations located in Havre, Montana have shown considerable promise to date. In this new experimental activity, beef is fabricated

into saw-ready cuts, vacuum-packed in plastic bags and shipped to the stores for final processing prior to sale. Central processing is expected to produce less product weight loss plus economies in distribution.



Capping a record year for sales and earnings in 1968, Eisner Food Stores announced the introduction of its "Miracle Prices" program on January 26, 1969. Following the success of Jewel in Chicago and Star in Boston, Eisner's strategy combines aggressive pricing, particularly in grocery products, with the elimination of trading stamps to improve the competitive position of its 31-store group.

Eisner also began a pilot central beef processing operation in early 1968. Construction of a new bakery at Champaign, Illinois will begin in April, 1969 with initial production expected by the year end.

GENERAL MERCHANDISE OPERATIONS



In the years since acquired in 1961, Jewel's investment in Osco Drug, Inc. and Chicago Osco Drug Stores has totaled \$23,800,000. More than 100 new drug stores or drug departments have been added to the original group of 30 stores which made up Osco Drug, Inc. at the time of acquisition. Our two drug businesses differ substantially in management concept and merchandising strategies, dictated in part by geographic considerations. Chicago Osco Drug numbers 77 in its store group, all within a 50 mile radius

of its headquarters office in Franklin Park, Illinois and nearly all are in combination with Jewel Food Stores. Thus, Chicago Osco is a tightly knit, centrally controlled drug store operation. In contrast, Osco Drug, Inc. units are located in 69 widely separated towns, extending from Kittery, Maine in the East to Boise, Idaho in the far West, their locations including Main Street, regional shopping centers, and free-standing food-drug sites. The very nature of this operation requires almost complete decentralization of management effort, localizing it at the store level. This diversity of operating abilities and methods enhances our growth opportunities in drug retailing.

Osco Drug, Inc. will open 12 new stores in 1969, 4 of which will be combined with Buttrey Food Stores. A most exciting event occurred in February, 1969 with the opening in Pocatello, Idaho of our new Buttrey/Osco combination store totaling 57,000 square feet. The drug area of this unit is nearly twice the size of any previous drug store in the chain and signals a new merchandising dimension for Osco Drug, Inc.

Another development of significance in 1968 was the issuance to Osco Drug of New England of a license to operate a pharmacy in Dorchester, Massachusetts. We are now operating two other full line drug stores in New England, one each in New Hampshire and Maine.

Chicago Osco Drug continues to grow rapidly in partnership with Jewel Food Stores. Ten new locations are expected in 1969, increasing the total to 87. Relatively speaking, the new-store burden of Chicago Osco currently is far less than in previous years. This has permitted increasing attention to store presentation, merchandising, personnel and the implementation of management systems designed to improve cost controls and reduce inventory investment while enhancing merchandising strategy. While gaining sales stature in the Chicago market, Chicago Osco Drug Stores continues to develop a distinctive reputation, particularly through providing the latest in cosmetic and pharmaceutical service.



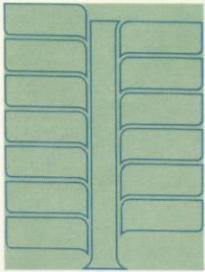
Turn-Style's latest unit opened October 27, 1968 in Arlington Heights, Illinois, a fast-growing Northwest suburb of Chicago. The store has 100,000 square feet of floor space and a full complement of departments ranging from ladies' sportswear to pharmacy. Recessed lighting along with imaginative fixturing and special wall treatment create a warm and friendly atmosphere which is highly acceptable to our customers. Initial sales and profit results bear this out. This new store, while exciting to all in the Turn-Style organization, is notable because it marks the beginning of a major new store program which will increase the size of our Midwestern operation from 6 to 10 stores in 1969.

This expansion program represents a major investment commitment by the Company and reflects recognition of the proven abilities of the Turn-Style management group.

OUR SERVICE BUSINESSES



Home Shopping Service routes earnings recovered in remarkable fashion in the past year. This earnings gain was achieved while 115 routes were closed and inventories and customer receivables were reduced sharply. The achievement of these results can be credited directly to a highly motivated management group whose confidence in the business is matched by



their determination to operate it successfully and profitably.

Plans for 1969 contemplate a net reduction of 17 routes and a significant expansion in party plan selling which has proven to be an excellent adjunct to our normal route operation.



Brigham's serves nearly 300,000 customers a week in three basic formats: ice cream-candy shops, metropolitan sandwich shops and family food shops with limited menus. The evolution of these basic formats, discernible in the last two years, is now the basis for further orderly expansion of Brigham's. In 1969, it is planned to add 10 units including 5 ice cream-candy shops, 3 metropolitan sandwich shops and 2 family food shops.

Construction of Brigham's new ice cream plant, adjacent to new office facilities in Arlington, Massachusetts, is now under way and should be completed in May, 1969.



White Hen Pantry convenience stores experienced its first profitable year in 1968. After building a management base to support our growth plans, efforts are now devoted to finding and training qualified franchisees for the stores and developing new store locations at a rapid rate. We plan to open 35 stores in 1969, concentrated principally in the Chicago market.

FOREIGN AFFILIATES

In June, 1968, Supermarches G.B., the supermarket company in Belgium in which Jewel and Grand Bazar of Antwerp, a department store chain, each had a 36% equity interest, acquired the common stock of Grand Bazar of Antwerp at an exchange rate of seven new shares for each four shares of Grand Bazar of Antwerp. Simultaneously, the name of the newly combined business was changed to G.B. Entreprises. Our equity in this enlarged, diversified, Belgian retailing company is 17%.

G.B. Entreprises is among the largest retail complexes in Belgium and includes 53 supermarkets, 10 department stores, 27 restaurants, many of which are included within either the company's department stores or supermarkets, and 13 small electric appliance stores. It is planned to add 10 new supermarkets and 6 new restaurants in 1969.

In April, 1969, G.B. Entreprises will increase its capital by offering rights to present stockholders. We intend to exercise our rights, maintaining our present equity in this outstanding Belgian retailing business of which we are a major stockholder.

Jewel also has an 18.75% equity interest in Super Bazars, a growing Belgian chain of large and successful self-service department stores founded in 1961. Super Bazars now operates 10 stores and plans to open three more in 1969.

A supermarket company in Northern Italy, founded in 1964, and in which we have a 49% equity interest, is approaching breakeven and with additional planned expansion should become profitable soon. This company operated 12 supermarkets at the end of 1968 and three more supermarkets will be opened in 1969.

Operating results in a newly formed company based in Madrid, Spain, and in which Jewel has an 18% equity interest (amounting to \$200,000), opened its first combination food and drug store in the summer of 1968. Results thus far have been somewhat disappointing and there is much work to be done before this new retailing venture can succeed.

THE GROWING JEWEL COMPANIES



JEWEL FOOD STORES		Plan	1969
Stores—beginning of year	261	254	
New stores added	18	19	
Old stores closed	25	13	
Stores—end of year	254	260	
Store area (average square feet)	15,600		
(range—square feet)	5,600—29,900		



STAR MARKETS		Plan	1969
Stores—beginning of year	45	48	
New stores added	3	2	
Stores—end of year	48	50	
Store area (average square feet)	25,300		
(range—square feet)	9,000—40,700		



OSCO DRUG, INC.		Plan	1969
Stores—beginning of year	69	74	
New stores added	5	12	
Stores—end of year	74	86	
Store area (average square feet)	8,000		
(range—square feet)	2,300—19,300		



CHICAGO OSCO STORES & DEPARTMENTS		Plan	1969
Stores—beginning of year	64	77	
New stores added	13	10	
Stores—end of year	77	87	
Store area (average square feet)	9,500		
(range—square feet)	3,200—18,300		



JEWEL HOME SHOPPING SERVICE		Plan	1969
Routes—beginning of year	2,017	1,902	
Routes added	—	3	
Routes closed	115	20	
Routes—end of year	1,902	1,885	
Customers served	875,000		



BUTTREY FOODS		Plan	1969
Stores—beginning of year	31	31	
New stores added	—	5	
Stores—end of year	31	36	
Store area (average square feet)	20,700		
(range—square feet)	5,600—38,200		



EISNER STORES		Plan	1969
Corporate stores	31	32	
Affiliate stores	39	40	
Corporate store area (average square feet)	14,600		
(range—square feet)	7,800—21,800		

TURN-STYLE		Plan	1969
Stores—beginning of year	9	10	
New stores added	1	4	
Stores—end of year	10	14	

Store area (non-food) (average square feet) 85,600 (range—square feet) 50,000—108,500



BRIGHAM'S		Plan	1969
Stores—beginning of year	76	82	
New stores added	11	13	
Old stores closed	5	3	
Stores—end of year	82	92	
Store area (average square feet)	1,950		
(range—square feet)	450—4,200		



WHITE HEN PANTRIES		Plan	1969
Stores—beginning of year	19	23	
New stores added	4	35	
Stores—end of year	23	58	
Store area (average square feet)	2,500		



G. B. ENTREPRISES		1968	End of 1968	Planned 1969	End of 1969
	Add.	1968	1969	Add.	1969
Supermarkets	4	53	10	63	
Department Stores	—	10	—	10	
Restaurants	5	27	6	33	
Appliance Stores	—	13	—	13	

Jewel equity—17%

SUPER BAZARS		Plan	1969
Stores—beginning of year	8	10	
New stores added	2	3	
Stores—end of year	10	13	



Store area (including food) (average square feet) 143,200 (range—square feet) 46,800—260,100

Jewel equity—18 1/4 %

STELLA SUPERMARKETS		1968	1969
Stores—beginning of year	8	12	
New stores added	4	3	
Stores—end of year	12	15	



Store area (average square feet) 11,300 (range—square feet) 5,000—17,800

Jewel equity—49%

Helping In The Urban Crisis

A healthy community is essential to a healthy, growing business. The success of Jewel, Osco, Turn-Style and White Hen Pantry in Chicago is related to the health of Metropolitan Chicago, just as the success of Star, Osco, Turn-Style and Brigham's in Boston is related to the health of Metropolitan Boston.

A retail business is one element in our society that has a consumer service orientation, a need for workers, the ability to train people to be productive and a self-interest in contributing to the economic development of the communities which it serves.

It is for these reasons that Jewel has become increasingly involved both individually and in a creative partnership with representative civic and religious organizations, educational institutions, and governmental agencies in a genuine effort to help in the urban crisis. How is your Company focusing its abilities on the social and economic problems of our cities? What are the areas in which we can provide meaningful help? We have concentrated on the following:

- Reducing the Cost of Living for All Consumers
- Jobs for the Jobless
- Education for Better Jobs
- Help for Inner City Suppliers
- Support for Community Organizations

REDUCING THE COST OF LIVING FOR ALL CONSUMERS

Businesses such as ours can make the most meaningful contribution to problems of the cities by providing consistently high quality merchandise at the lowest possible price. For many years Jewel has taken pride in having a uniform price and quality policy for all stores in a given geographic area. The same high quality merchandise, at the same price, has been available at the same time in our lowest income Inner City store as in surrounding suburban areas.

Most recently the advent of "Miracle Prices" has added new emphasis to reducing the cost of living for all customers. This particularly dramatic and well-publicized innovation on the part of Jewel Companies was initiated in 1966 in the Chicago Jewel Food Stores, and has since been extended to Star Markets in Boston and Eisner Food Stores in Central Illinois. "Miracle Prices" reflect the classic low-price, high-volume retailing concept, and Jewel applies it especially to those grocery products which make up every customer's shopping list of basic nutritional necessities.

Over the years the food industry has done a remarkable job in reducing the portion of family income spent for food. In 1968, only 15% of personal disposable income was spent for food consumed at home, compared to 20% in 1952. It is our feeling that even greater reductions in this share of income spent on food will be achieved in the future and it is the goal of each Jewel grocery company to be in the forefront in offering consumers greater value in their food shopping.

The ability to offer "Miracle Prices" demands a cost-conscious operation at all levels, from alert buying and inventory control through efficient distribution center and transportation skills, to exacting economical store operation. "Miracle Prices" also demand a large, well-planned store unit capable of handling the greater traffic and offering the greater emphasis on perishables which are basic essentials to the low-



Near the end of January, 1969, Eisner Food Stores adopted the Miracle Price program while dropping stamps. The Jewel Food Stores introduced this low-price, high-volume approach to grocery pricing in Chicago in 1966 and Star Markets introduced the program in New England the following year.

price approach. A major building and remodeling program resulting in modern supermarkets to serve the needs of central-city urban families has been under way in Chicago to help reduce the cost of living for these families.

A Star supermarket is the central unit of a shopping center in a unique urban renewal project in Providence, Rhode Island, known as University Heights. The project was jointly developed by Star and a group of Rhode Island citizens representing black agencies, local church groups and the business community. In addition to the shopping center there are several hundred integrated apartment units separately scaled for different income levels and cultural and ethnic backgrounds which have been planned to reach all vocational interests, ages and family sizes.

A new Jewel-Osco combination store opened in late 1968 in a predominately black neighborhood, typical of those stores currently being opened and planned for central city locations. This store features the same quality merchandise, departments and prices offered in other new Jewel-Osco stores in Metropolitan Chicago.



JOBs FOR THE JOBLESS

It is obvious that the way in which a business such as ours can make a most meaningful contribution to the problems of the cities is to provide jobs. We have jobs—we need people. We have long experience in the training of people to perform with efficiency. But to provide jobs, we are challenged to give the time and the special attention needed for those people who are not oriented or disciplined to any environment of work.

After two years of effort, we are optimistic about our approach to successful employment of the disadvantaged. In Chicago, we have found it not too difficult to recruit and employ the disadvantaged, particularly after we opened an employment office in the Chicago Inner City. For instance, two years ago, less than 5% of the full-time staffs of Jewel Food Stores were members of minority groups. Today, the total exceeds 10%.

We do recognize, however, that we still have much to do to improve our efforts to make each employment a successful one. With this awareness and concern, we determined that another ingredient was needed if new employees with disadvantaged backgrounds were to succeed in a results-oriented Jewel atmosphere. That ingredient was *understanding—understanding* on the part of management at all levels of the environmental needs and problems of the disadvantaged, including their fears and frustrations of continued failure and denial, and *understanding* on the part of these new employees of what Jewel expects of them and why such expectations exist.

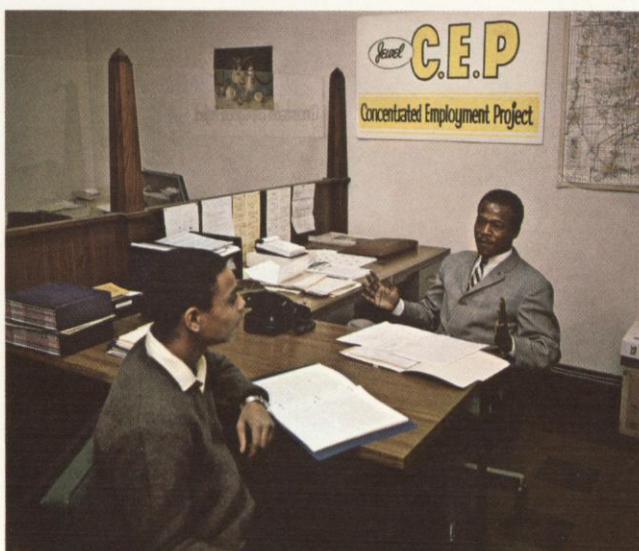
Coaches who can deal effectively with the disadvantaged and their supervisors are helping us to live with problems of understanding. We initiated a "Coach-Counselor" concept in May, 1968 as a means of aiding the transition of the disadvantaged from his or her past environment to a new world of work with us. Under this program, a Head Coach and five Field Coaches have been employed by Jewel to work with the disadvantaged we have employed. All Coaches are college graduates with degrees in educa-

tion or one of the social sciences. Their previous experience was as neighborhood social workers or teachers. Each of the five Field Coaches works closely with about 15 trainees who are assigned to him for a period of 3 to 4 months, or longer if necessary. He relates problems of individual trainees to the managers, supervisors, and personnel people. He makes recommendations on the utilization of the trainees. He counsels trainees on their work habits and productivity and on their home situations. In brief, he sponsors them in their new job.

The Coaches have been successful in holding sensitivity workshops for our store managers and district managers prior to the assignment of a disadvantaged trainee to a store or area. Since all the Coaches are black, with experience in the ghetto, they are exceptionally well qualified for this important role. Since they are also Jewel employees—the Coaches have the added advantage of being members of the Jewel family.

We view the hiring of the disadvantaged as only one step in a long chain of events—the first phase of a training and development plan that provides long-range progression and advancement to maximize the capabilities of the individual as he or she becomes a successful and respected employee of Jewel and citizen of his or her urban community.

Job opportunities are available to central city residents at the Jewel employment and training center located for easy accessibility of applicants. Here a Coach-Counselor in the concentrated employment project counsels with a new employee.



EDUCATION FOR BETTER JOBS

A co-op student who alternates semesters between Star Market and Northeastern University in Boston or between Eisner and Parkland Junior College beginning this Fall in Champaign, Illinois—a farmer's son who works summers for Buttrey Foods and attends Washington State University with the help of a Buttrey scholarship—a black youth attending Roosevelt University under a Jewel Food Store scholarship in Chicago—a Turn-Style part-timer who is studying business at Harper Junior College—a pharmacy student at North Dakota State who completed part of his intern requirement at the Osco drug store in Fargo last summer—a Stanford University student operating a Home Shopping Service route during the summer.

All of these are examples of our deep interest in education, both in terms of its meaning for the individuals involved and in terms of its meaning for Jewel as a company. For the hundreds of individuals involved, these programs mean educational opportunity for youth who must earn a living as well as pursue an education. For Jewel it means an opportunity to help deserving young people and at the same time create an interest on the part of these people in careers with Jewel.

Of particular importance to the disadvantaged young people in the urban areas is a newly emerging group of programs being developed with the cooperation of the Junior Colleges in Illinois. Co-op programs in Supermarket Management are now in operation at Chicago's Wilson Junior College and at Thornton Junior College in Harvey. These colleges are available to serve minority group youth for whom the help of a work-study opportunity may mean the difference between attending college or not. Comparable programs are being initiated in three additional Junior Colleges in the Chicago Metropolitan

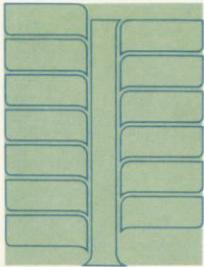
area. Through our participation in these programs we are not only helping to prepare additional young people for careers in business, but more specifically, for retailing careers in Jewel.

Jewel people in all companies are encouraged to continue their education for better jobs with the help of Tuition Refund Programs. A market apprentice studying Supermarket Management at Chicago City College—a grocery clerk finishing his degree in business at Northeastern University—a Turn-Style Section Manager studying marketing at Northwestern University—an accountant working toward his CPA certificate at Loyola University—all are typical of a large group of full-time employees who receive a refund of 50% of the tuition costs upon successful completion of any course of study that is directed toward job improvement or advancement.

Since the late 1950's, over a thousand Star Market, Brigham's and Turn-Style young men and women with demonstrated potential for better jobs have participated in special educational programs. These have been conducted by faculty members of Northeastern University at company-provided facilities in Massachusetts, Rhode Island, Maine and New Hampshire and include courses in Business Economics, Techniques of Supervision, Principles of Effective Management and Human Relations.



Star Markets and Northeastern University in Boston sponsor a cooperative program to encourage students to strive for a higher education by alternating college semesters and on-the-job training semesters.



At Lake Forest College and the University of Illinois, young management people from Turn-Style, Chicago Osco, Jewel Food Stores and the Home Shopping Service routes are participating in management programs, along with their counterparts from other leading companies to improve their potential to move up to more responsible management jobs. The participants give up one night a week, plus many hours for study and preparation for a four-year period, to complete a broad program of college level management education.

As we achieve success in hiring and training disadvantaged people for successful performance on their first jobs, we will move on to the greater challenge of helping them take advantage of a wide range of educational opportunities to enable them to move on to better jobs.

HELP FOR INNER CITY SUPPLIERS

Key members of our buying staffs are making themselves available to Inner City suppliers as marketing and packaging consultants. Our laboratory facilities are being used to test and improve product quality and to insure compliance with quality and safety standards. All of this is being done to assist minority group entrepreneurs to successfully market food and related products which will satisfy the demands and needs of all consumers, regardless of color.

For example, a small minority group supplier submitted to our buyers food product X. The initial presentation involved three separate flavors but with identical packaging, with only the wording on the label identifying the flavor. The buyer's first suggestion to the supplier was that each flavor should have separate package identity in order to be quickly recognized by the customer and to eliminate possible intermingling of flavors on the shelf. He further helped to arrange very successful demonstrations in key high-volume stores. The supplier followed through on the packaging change and the product has now had three successful chain-wide promotions. Current weekly shipments of product X are more than double the volume sold a year ago.

Another minority group supplier presented a household cleaning agent to our buyers. It was carefully analyzed in our laboratory. Our chemists found it highly dangerous in its existing form and recommended the development of a caustic-type cleaner to replace the original hazardous product. The supplier was assured that if he modified the product formula to meet laboratory specifications we could assist him in merchandising the product. The suggestion was followed. Our continuing laboratory tests of the product indicate it to be equal in quality to other, older products on the market, and shipments to our stores at the present time have about doubled over a year ago.

This story is being repeated to produce a number of successful and profitable minority-owned businesses, with respected minority group citizens as their owners and managers.

Wynois Cowart, President, Atlas Broom Co., Inc., shows Jewel Food Store buyer-merchandiser Bob Hermanns his new plant, financed by a S.B.A. guaranteed bank loan. Training disadvantaged, previously unemployed people in the art of broom making under a two year Department of Labor contract Cowart commented, "The regular orders I received from Jewel have guaranteed the success and growth of my business which has increased from eight to thirty employees."



Presiding as Chairman of the Board of the Cosmopolitan Chamber of Commerce is Jewel Executive William H. Newby. This, the world's largest integrated trade association, serves the black community in Chicago. Projects include a free school of business management with an enrollment of 800; a program to aid businessmen seeking financial support, franchises or advice; an M-4 training consortium for small businesses and most recently, an organized action for continuing insurance coverage in riot-prone areas.

SUPPORT FOR COMMUNITY ORGANIZATIONS

The contribution of a truckload of bread at a time of crisis following a civil disorder—the contribution of time to a community or organization dedicated to orderly improvement of the urban environment—each demonstrates our sincere interest and concern in the self-development of the urban communities we serve.

We have identified organizations representing business and industry, religious groups, civil rights groups, and others of importance in the community. We participate directly in those organizations in which we are eligible to participate; we support financially, or through our interest, others which are developing constructive community programs.

For example, in Chicago, Jewel Food Stores belong to the Cosmopolitan Chamber of Commerce, the largest integrated trade association in the world, and one of our own executives is serving as Chairman of the Board of this group. This Chamber aids black entrepreneurs by offering a business counselling service, conducting business management schools, helping obtain financing and promoting total business development of the community.

A consumer nutrition education meeting conducted by Jewel in Chicago last Fall has led to further community involvement. Chicago home economics



teachers and home economists in government and welfare programs were in attendance. Nutritionists for Project Head Start (sponsored by Chicago Committee on Urban Opportunity and the Catholic Archdiocese) requested Jewel's help in presenting a similar program for parents of Head Start children. Our Home Economist has created a series of such programs directed to low-income groups in Chicago. The program format includes a slide-illustrated talk—"Ways to Wise Food Shopping"—and a demonstration of two shopping carts of food purchased for a family of four, each costing exactly the same amount of money but differing dramatically in nutritive content and number of servings. Representatives from the Jewel Food Store in the marketing area attend and are available to answer questions.

We view involvement in area and neighborhood community and planning organizations of citizens concerned about the maintenance and upgrading of their neighborhoods as highly important. Activities such as these illustrate our own concern as a business citizen and help us to maintain a high degree of sensitivity to our environment.

Is the Urban Challenge a Jewel Challenge?

There are some people who argue that the objective of business is to make a profit. We concur whole-heartedly.

There are other people who argue that business must accept responsibilities of active good citizenship. And again we agree.

The two statements are not contradictory. In fact, they complement each other. At every turn, we find more reason to believe that long-term profitability, particularly for a business like ours which serves the consumer, requires significant participation in activities that contribute to the well-being of its communities. Of necessity, this means emphasis *today* in helping to solve the problems of the urban crisis.

Accounting Principles Used in Preparation of Financial Statements

To help our shareholders understand the accompanying financial statements, we have set forth below a brief description of some of the more significant accounting principles followed by the Company:

INVENTORIES

Substantially all inventories are valued at the lower of cost or market, with cost being determined on a first-in, first-out basis. Out-of-season and discontinued merchandise is reduced to expected realizable value.

PRE-OPENING COSTS

Those costs incurred prior to the opening of a new retail unit or other facility are known as "pre-opening expenses." The Company has followed the practice of charging such expenses against income as they are incurred.

PROFIT SHARING AND RETIREMENT TRUSTS

Nearly all the retirement funds for the benefit of employees are provided through profit-sharing retirement trusts. Amounts contributed to the individual trusts are based on earnings after providing for a basic return to shareholders. Retirement benefits are determined by the market value of the trusts and are fully funded. These funds amounted to approximately \$145,000,000 at the end of 1968.

INVESTMENT CREDIT

The reduction in federal income taxes arising from investment credit on the current year's capital asset additions is reflected in the earnings of the Company in the current year.

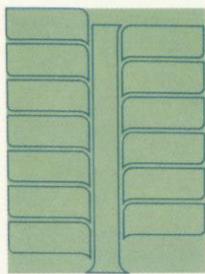
DEPRECIATION AND DEFERRED FEDERAL INCOME TAXES

Buildings and equipment are depreciated over their average useful lives on a straight-line basis and provision for federal income taxes is based on this method in the accompanying financial statements. The Company uses an accelerated method of computing depreciation in determining its actual current income tax liability. The variation between federal income tax liability determined for financial statement purposes and the actual federal income tax liability currently payable appears in the balance sheet caption "Deferred Federal Income Taxes." During the year the Internal Revenue Service completed an examination of federal income tax returns for the Company and its subsidiaries for years through 1966. No significant adjustments to net earnings were required.

Consolidated Balance Sheet / JEWEL COMPANIES, INC.

ASSETS

	<i>February 1, 1969</i>	<i>February 3, 1968</i>
Current Assets:		
Cash.....	\$ 17,056,932	\$ 17,946,563
Marketable securities and certificates of deposit, at cost which approximates market.....	18,441,489	7,426,144
Accounts receivable, less allowances (\$719,000 and \$678,000 respectively).....	21,659,208	21,322,935
Inventories, substantially at lower of first-in, first-out cost or market.....	97,064,392	92,622,003
Prepaid expenses and supplies.....	<u>3,747,683</u>	<u>3,671,143</u>
Total current assets.....	<u>157,969,704</u>	<u>142,988,788</u>
Deferred Charge:		
Premiums advanced to customers, less allowances (\$162,000 and \$139,000 respectively).....	757,187	1,045,743
Investments:		
Minority interest in foreign affiliates (at cost).....	6,337,281	5,982,541
All other.....	398,961	345,139
Property, Plant and Equipment (at cost):		
Buildings.....	81,307,618	71,420,940
Equipment and leasehold improvements.....	<u>173,764,859</u>	<u>157,188,822</u>
Less allowance for depreciation and amortization.....	<u>255,072,477</u>	<u>228,609,762</u>
Land.....	<u>102,189,367</u>	<u>92,217,753</u>
Total property, plant and equipment.....	<u>152,883,110</u>	<u>136,392,009</u>
	<u>29,987,353</u>	<u>26,225,844</u>
	<u>182,870,463</u>	<u>162,617,853</u>
Goodwill.....	<u>1</u>	<u>1</u>
	<u>\$348,333,597</u>	<u>\$312,980,065</u>



LIABILITIES

	<i>February 1, 1969</i>	<i>February 3, 1968</i>
Current Liabilities:		
Accounts payable and accrued expenses.....	\$ 58,574,900	\$ 48,491,242
Dividends payable.....	2,370,569	2,188,680
Accrued federal, state and local taxes.....	14,694,586	14,170,236
Accrued payrolls and profit sharing.....	14,711,959	12,411,343
Long-term indebtedness, due within one year:		
Direct obligations of Jewel Companies, Inc.....	1,354,908	1,270,409
Obligations of real estate affiliates.....	<u>2,367,976</u>	<u>2,090,556</u>
Total current liabilities.....	<u>94,074,898</u>	<u>80,622,466</u>
Long-Term Indebtedness, due after one year:		
Direct obligations of Jewel Companies, Inc.....	39,517,176	36,733,821
Obligations of real estate affiliates.....	48,229,284	39,967,310
Deferred Federal Income Taxes.....	11,375,932	10,712,701
Other Deferred Liabilities.....	2,491,517	2,300,429
Stockholders' Investment:		
Preferred stock—3½% cumulative \$100 par value— authorized and issued 48,000 shares at Feb. 1, 1969.....	4,800,000	4,800,000
Common stock—\$1 par value—authorized 15,000,000 shares, issued 6,634,578 shares at Feb. 1, 1969.....	42,897,549	42,631,260
Accumulated earnings—Reserved for self-insured losses and general contingencies.....	1,250,000	1,250,000
Accumulated earnings—Unappropriated.....	105,966,142	94,717,859
Treasury stock at cost.....	<u>(2,268,901)</u>	<u>(755,781)</u>
Total stockholders' investment.....	<u>152,644,790</u>	<u>142,643,338</u>
	<u><u>\$348,333,597</u></u>	<u><u>\$312,980,065</u></u>

See accompanying notes to consolidated financial statements and description of accounting principles.

Consolidated Income Account

AND ACCUMULATED EARNINGS/UNAPPROPRIATED

JEWEL COMPANIES, INC.	52 Weeks Ended February 1, 1969	53 Weeks Ended February 3, 1968
Sales and Revenues:		
Supermarkets.....	\$1,016,654,869	\$ 946,641,592
Drug Stores.....	135,745,142	121,838,766
Home Service Routes.....	83,503,013	88,425,520
Self-Service Department Stores.....	58,991,375	52,530,366
Restaurants.....	15,600,200	14,108,728
Wholesale sales and services.....	22,224,784	20,871,905
Total Sales.....	1,332,719,383	1,244,416,877
Interest and dividend income.....	1,024,794	552,997
Total Sales and Revenues.....	1,333,744,177	1,244,969,874
Cost of Doing Business:		
Cost of goods sold.....	1,047,792,249	979,369,885
Selling, general and administrative expense.....	241,305,446	227,824,469
Provision for doubtful accounts.....	2,058,880	2,237,792
Interest on indebtedness for:		
Direct obligations of Jewel Companies, Inc.....	2,393,153	2,120,569
Obligations of real estate affiliates.....	2,318,353	2,077,857
	1,295,868,081	1,213,630,572
Earnings Before Federal Income Taxes.....	37,876,096	31,339,302
Provision for Federal Income Taxes.....	17,855,000	13,748,000
Net Earnings for the Year.....	20,021,096	17,591,302
Per Common Share.....	\$3.01	\$2.64
Accumulated Earnings—Unappropriated, beginning of year.....	94,717,859	85,972,618
	114,738,955	103,563,920
Deduct:		
Cash dividends declared:		
Preferred stock.....	124,903	169,883
Common stock.....	9,081,811	8,417,820
Other transactions.....	(433,901)	258,358
	8,772,813	8,846,061
Accumulated Earnings—Unappropriated, end of year.....	\$ 105,966,142	\$ 94,717,859

See accompanying notes to consolidated financial statements and description of accounting principles.

Consolidated Source and Use of Funds

JEWEL COMPANIES, INC.

	52 Weeks Ended February 1, 1969	53 Weeks Ended February 3, 1968
Source of Funds:		
Net earnings.....	\$20,021,096	\$17,591,302
Depreciation and amortization.....	15,674,964	14,587,271
Increase in deferred taxes and other deferred liabilities.....	<u>854,319</u>	<u>1,259,646</u>
	<u>36,550,379</u>	<u>33,438,219</u>
Increase in long-term debt (net):		
Jewel Companies, Inc. direct obligations.....	2,867,854	1,383,460
Real estate affiliates.....	8,539,394	2,918,513
Increase in payables and accruals.....	13,090,513	14,028,593
All other (net).....	<u>645,917</u>	<u>333,143</u>
	<u>61,694,057</u>	<u>52,101,928</u>
Use of Funds:		
Dividends to owners of the business.....	9,206,714	8,587,703
New property, plant and equipment (net):		
Operating companies.....	24,184,783	25,673,191
Real estate affiliates.....	11,742,791	5,049,887
Increase in accounts receivable.....	336,273	788,060
Increase in inventories.....	4,442,389	5,640,773
Increase (decrease) in investments.....	408,562	(114,620)
Purchases of capital stock (net).....	<u>1,246,831</u>	<u>882,952</u>
	<u>51,568,343</u>	<u>46,507,946</u>
Increase in Cash and Marketable Securities.....	<u><u>\$10,125,714</u></u>	<u><u>\$ 5,593,982</u></u>

Accountants' Report

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS
JEWEL COMPANIES, INC.:

We have examined the accompanying consolidated balance sheet of Jewel Companies, Inc. and subsidiaries and real estate affiliates as of February 1, 1969, and the related statements of income and accumulated earnings and source and use of funds for the fifty-two weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

March 15, 1969

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Jewel Companies, Inc. and subsidiaries and real estate affiliates at February 1, 1969, the consolidated results of their operations, and the source and use of funds for the fifty-two weeks then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche, Rose, Bailey & Smart

Notes to Consolidated Financial Statements

PRINCIPLES APPLIED IN CONSOLIDATION

The consolidated financial statements include the accounts of Jewel Companies, Inc., its subsidiaries and its affiliated real estate corporations. (Jewel owns preferred stock convertible into 99% of the equity of the real estate affiliates.) The equity of the Company in the net assets of the consolidated subsidiaries and affiliates is the same as the carrying amount of the investments. Substantially all intercompany transactions have been eliminated.

PROVISION FOR DEPRECIATION

Straight-line depreciation over the useful lives of depreciable property is used for financial statement purposes. The useful lives approximate 37 years for buildings, 3 years for passenger cars, 6 years for trucks and trailers, 10 years for equipment and 17 years for leasehold improvements.

The depreciation expense for the year as recorded in the accounts is as follows:

	<u>1968</u>	<u>1967</u>
	<i>(In thousands)</i>	
Jewel Companies, Inc.....	\$14,413	\$13,439
Real Estate Affiliates.....	1,262	1,148
Total.....	<u>\$15,675</u>	<u>\$14,587</u>

PROVISION FOR FEDERAL INCOME TAXES

The provision for federal income taxes includes the following:

	<u>52 Weeks Ended Feb. 1, 1969</u>	<u>53 Weeks Ended Feb. 3, 1968</u>
	<i>(In thousands)</i>	
Federal Income Tax Incurred.....	\$18,543	\$13,822
Investment Tax Credit for the year.....	1,351	978
Taxes currently payable.....	17,192	12,844
Deferred taxes, resulting principally from accelerated depreciation.....	663	904
Total provision.....	<u>\$17,855</u>	<u>\$13,748</u>

LONG-TERM INDEBTEDNESS

Long-term indebtedness at February 1, 1969 was as follows:

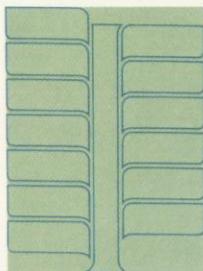
	<u>Rate</u>	<u>Total Debt</u>	<u>Due In One Year</u>	<u>Maturities</u>
		<i>(In thousands)</i>		
Direct Obligations of Jewel Companies, Inc.:				
Insurance Companies	6.875%	\$10,000		1974-1993
Bank-administered trusts.....	4.50	20,000		1972-1987
Insurance Companies	2.85-5.00	6,029	\$1,024	1969-1978
Mortgage notes.....	4.50-5.75	4,843	331	1969-1984
		40,872	1,355	
Obligations of real estate affiliates.....				
	4.625-7.00	50,597	2,368	1969-1998

Long-term debt matures as follows (in thousands):

	<u>Direct Obligations</u>	<u>Obligations of Real Estate Affiliates</u>
1970.....	\$ 1,525	\$ 2,600
1971.....	741	2,683
1972.....	1,981	2,807
1973.....	1,996	2,909
1974 and thereafter.....	33,274	37,230
	<u>\$39,517</u>	<u>\$48,229</u>

The long-term debt of the real estate affiliates is not a direct obligation of Jewel Companies, Inc., but is secured by the assignment of lease agreements between Jewel and these affiliates and will be fully amortized during the firm term of each lease, generally 20 years.

The Company has taken down \$10,000,000 of a \$30,000,000 loan commitment from three insurance companies under an agreement negotiated in 1967. The balance of the loan will be received in 1969 and 1970. Terms of the agreement specify an interest rate of



6 7/8% and require repayment of \$1,500,000 each year, beginning in 1974, through 1993.

The Company has an agreement with two banks under which it can borrow up to \$16,000,000 on interim notes maturing on September 1, 1971, unless extended by mutual agreement, with interest at the prime rate of The First National Bank of Chicago then applicable to 90-day commercial loans. At maturity, the interim notes may be converted to four-year term notes bearing interest at one-quarter of one per cent over the prime rate. At the year-end, there were no loans outstanding under this agreement.

Under terms of the most restrictive of the Company's existing loan agreements, \$34,447,000 of accumulated earnings are not restricted for the payment of cash dividends on common stock.

PREFERRED STOCK

Under the sinking fund provisions relating to the preferred stock, Jewel must acquire annually on or before each June 30 at least 1,500 shares. As of February 1, 1969, there were 18,070 shares in the treasury at a cost of \$1,249,924, approximately \$69 per share, covering the sinking fund requirements through June 30, 1979. The preferred stock may be redeemed in whole or in part on 30 days' notice at \$103 per share, plus accrued dividends.

COMMON STOCK

Common stock transactions during the year were as follows:

	Shares	Amount
	(In thousands)	
Balance at beginning of year.....	6,622	\$42,631
Issued for stock options.....	13	371
Other transactions	*	(104)
Balance, February 1, 1969.....	<u>6,635</u>	<u>\$42,898</u>

**Treasury stock was used for certain issues, as shown in the table below.*

Transactions in common shares in the treasury during the year were as follows:

	Shares	Amount
	(In thousands)	
Balance at beginning of year.....	18	\$ 529
Purchases.....	56	2,437
	<u>74</u>	<u>2,966</u>
Issued for:		
Employee Stock Purchase Plan.....	20	663
Stock Options.....	32	1,284
Total.....	<u>52</u>	<u>1,947</u>
Balance February 1, 1969 (Average per share \$46.61).....	<u>22</u>	<u>\$1,019</u>

At February 1, 1969, there were 457,257 shares of common stock reserved, of which 122,232 shares were for employee stock purchase plan purchases, 61,000 shares were for issuance to profit-sharing trusts and 274,025 shares were for stock options described in the following table:

	Number of Shares		
	Reserved	Granted	Available
Balance at beginning of year.....	321,492	174,285	147,207
Granted.....	—	32,500	(32,500)
Exercised.....	(45,236)	(45,236)	—
Cancelled.....	(2,231)	(2,231)	—
Balance, February 1, 1969.....	<u>274,025</u>	<u>159,318</u>	<u>114,707</u>
Options exercisable at February 1, 1969..		<u>95,568</u>	

Outstanding options were granted at prices ranging from \$24.49 to \$53.50 per share, representing 95% or more of the market price on the date of grant, become exercisable in equal installments over a four-year period and expire from five to ten years from the date of grant.

LEASE COMMITMENTS

Rentals for leased properties, primarily retail locations (excluding those leased from real estate affiliates), were \$12,612,000 in 1968 and \$11,352,000 in 1967 including rentals based on sales where applicable. As of February 1, 1969, the leases call for minimum payments of approximately \$12,317,000 for fiscal 1969. Of this annual amount, 26% will have expired by the end of five years, 54% by the end of 10 years, 87% by the end of 15 years, and 99% by the end of 20 years.

Consolidated Ten Year Financial Summary

JEWEL COMPANIES, INC.

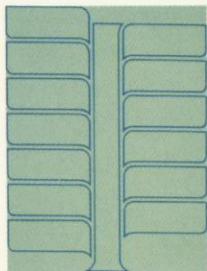
(Total dollars in thousands except per share figures)

<i>For the Year*</i>	<i>1968</i>	<i>1967†</i>	<i>1966</i>
Total sales and revenues.....	\$1,333,744	\$1,244,970	\$1,060,753
 Earnings:			
Before federal income taxes.....	\$ 37,876	\$ 31,339	\$ 28,730
Net for the year.....	20,021	17,591	16,476
Earnings per common share**.....	3.01	2.64	2.47
Dividends per common share**.....	1.35	1.25	1.20
 Retained earnings.....	\$ 10,814	\$ 9,004	\$ 8,221
Depreciation.....	15,675	14,587	12,989
 New property, plant and equipment (net):			
Operating companies.....	\$ 24,185	\$ 25,673	\$ 21,739
Real estate affiliates.....	11,743	5,050	10,080
 <i>At the Year End*</i>			
Net working capital.....	\$ 63,895	\$ 62,366	\$ 64,621
Total assets.....	348,334	312,980	285,269
 Long-term debt, due after one year:			
Jewel Companies, Inc. direct obligations.....	\$ 39,517	\$ 36,734	\$ 35,371
Real estate affiliates.....	48,229	39,967	37,321
Preferred stock.....	2,993	4,503	4,726
Common stockholders' equity.....	149,652	138,141	129,797
Equity per common share**.....	22.63	20.92	19.61
 Average number of common shares outstanding** (in thousands).....	6,605	6,608	6,603

*In May, 1962, the fiscal year of the Company was changed to the Saturday nearest January 31 from the Saturday nearest December 31.

†53-week year; other years 52 weeks.

**Adjusted for stock splits and stock dividends.



1965	1964	1963	1962†	1961	1960	1959
\$ 934,238	\$ 845,086	\$ 799,271	\$ 753,034	\$ 678,858	\$ 632,575	\$ 598,343
\$ 28,522	\$ 26,281	\$ 23,835	\$ 26,315	\$ 24,667	\$ 25,051	\$ 23,587
16,198	14,732	12,325	12,934	12,183	12,075	11,416
2.45	2.23	1.86	1.96	1.88	1.90	1.88
1.13	1.07	1.07	1.07	1.00	.93	.80
\$ 8,407	\$ 7,639	\$ 5,311	\$ 6,335	\$ 6,243	\$ 6,780	\$ 7,117
11,829	10,643	9,725	8,762	7,925	7,298	6,700
\$ 17,080	\$ 18,451	\$ 14,772	\$ 17,333	\$ 11,507	\$ 10,956	\$ 9,465
3,728	5,283	9,725	6,585	3,255	3,159	3,334
\$ 64,336	\$ 59,789	\$ 66,168	\$ 43,455	\$ 50,412	\$ 49,842	\$ 45,082
270,604	251,413	235,579	199,370	185,091	172,371	144,662
\$ 33,066	\$ 34,749	\$ 37,624	\$ 16,145	\$ 18,459	\$ 21,201	\$ 19,670
32,421	27,704	25,729	16,644	14,172	12,059	9,433
4,764	4,913	5,095	5,374	5,537	5,691	5,748
118,767	110,283	102,023	96,557	88,305	79,273	69,508
18.16	16.88	15.68	14.85	13.65	12.53	11.62
6,526	6,521	6,504	6,496	6,383	6,227	5,966

CORPORATE OFFICERS

GEORGE L. CLEMENTS
*Chairman, Board of Directors
and Chief Executive Officer*

FRANKLIN J. LUNDING
*Chairman, Finance Committee
and Chief Financial Officer*

DONALD S. PERKINS
President

HOWARD R. RASMUSSEN
Executive Vice President, Marketing

HOWARD O. WAGNER
Executive Vice President, Finance

JO H. ARMSTRONG
Vice President

GRANT C. GENTRY
*Vice President, Secretary
and General Counsel*

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Vice President, General Merchandise Services

JOSEPH RADOV
Vice President, Manufacturing Planning

VERNON L. SCHATZ
Vice President, Information Systems

WEIR C. SWANSON
Vice President, Personnel and Public Affairs

JOHN N. BALCH
Treasurer

GILBERT J. SPENCER
Controller

CHARLES B. ERICKSON
Assistant Secretary

WALTER E. MEYER
Assistant Controller

H. ROBERT POWELL
Assistant Treasurer

JACOB J. SCHNUR
Assistant Secretary

J. BURTON THOMPSON
Assistant Secretary

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JAMES L. ALLEN
*Chairman
Booz • Allen & Hamilton, Inc.*

GEORGE P. BAKER
*Dean
Harvard Graduate School of Business*

HARRY G. BECKNER
*President
Jewel Food Stores*

SILAS S. CATHCART
*President
Illinois Tool Works Inc.*

WESTON R. CHRISTOPHERSON
*President
Osco Drug, Inc.*

GEORGE L. CLEMENTS
*Chairman, Board of Directors and
Chief Executive Officer*

STEPHEN M. DuBRUL, JR.
*Partner
Lehman Brothers*

WILLIAM A. GERBOSI
Independent Business Consultant

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*Chairman, Finance Committee
and Chief Financial Officer*

EDWARD H. McDERMOTT
*Senior Partner
McDermott, Will & Emery*

STANLEY R. MILLER
*Partner
Goldman, Sachs & Co.*

JOHN M. MUGAR
*President
Star Market Co.*

DONALD S. PERKINS
President

HOWARD R. RASMUSSEN
Executive Vice President

HOWARD O. WAGNER
Executive Vice President

RILLING S. WILLIAMS
*President
Buttrey Food Stores*

JEWEL COMPANIES

BRIGHAM'S, INC.
30 Mill Street
Arlington, Massachusetts 02174

Walter Y. Elisha
President

BUTTREY FOODS
601 Sixth Street, S.W.
Great Falls, Montana 59401
Rilling S. Williams
President
Philip R. Palm
Executive Vice President

CHICAGO OSCO DRUG
3030 Cullerton Drive
Franklin Park, Illinois 60131
L. Jack Skyles
President

EISNER FOOD & AGENCY STORES
301 E. Wilbur Heights Road
Champaign, Illinois 61823
J. Winslow Smith
President

HOME SHOPPING SERVICE
Jewel Park
Barrington, Illinois 60010
Marlin L. Hadley
President

JEWEL FOOD STORES
1955 West North Avenue
Melrose Park, Illinois 60160

Harry G. Beckner
President

Frank L. Spreyer
*Executive Vice President, Distribution &
Manufacturing*
Fred A. Woerthwein
Executive Vice President, Store Operations

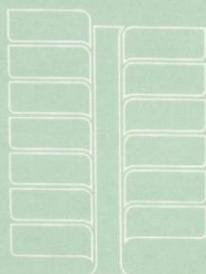
OSCO DRUG, INC.
3030 Cullerton Drive
Franklin Park, Illinois 60131
Weston R. Christopherson
President

Richard C. Hilden
Executive Vice President and General Manager

STAR MARKET CO.
625 Mt. Auburn Street
Cambridge, Massachusetts 02138
John M. Mugar
President

TURN-STYLE
3030 Cullerton Drive
Franklin Park, Illinois 60131
Darrell L. Lewis
President

WHITE HEN PANTRIES
1955 West North Avenue
Melrose Park, Illinois 60160
David L. Diana
President



This report is submitted to the shareholders of the Corporation for their information and is not intended to be used in connection with the sale of or offer to sell any securities, nor is it intended to be information to be included in a prospectus within the meaning of the provisions of the Federal Securities Act of 1933, as amended.

ANNUAL MEETING

The annual meeting of shareholders will be held at 2:00 p.m. on Wednesday, June 18, 1969 at the Palmer House, Chicago, Illinois.

TRANSFER AGENTS

Manufacturers Hanover Trust Company, 4 New York Plaza, New York, New York 10015
Continental Illinois National Bank and Trust Company of Chicago, 231 South LaSalle Street, Chicago, Illinois 60690

REGISTRARS

Bankers Trust Company, 16 Wall Street, New York, New York 10015
The First National Bank of Chicago, 38 South Dearborn Street, Chicago, Illinois 60690

COMMON STOCK LISTING

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Midwest Stock Exchange

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